

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PARKSVILLE WATER DISTRICT'S REQUEST)	
FOR APPROVAL TO PROVIDE LESS STORAGE)	
THAN THE MINIMUM REQUIRED FOR ONE DAY'S)	CASE NO. 10030
SUPPLY; A DEVIATION FROM SUBSECTION (4))	
OF 807 KAR 5:066 (5))	

O R D E R

Parksville Water District ("Parksville") having requested that the Commission rule on the adequacy of its submitted engineering study, and it appearing to the Commission as follows:

On February 17, 1988, the Commission granted Parksville a limited deviation until July 1, 1991 from Commission Regulation 807 KAR 5:066, Section 5(4). The Commission further ordered Parksville to conduct a comprehensive engineering analysis of its water distribution system and to submit a report of this analysis, which was to include the "necessary hydraulic and economic analyses to determine the appropriate water storage requirements for Parksville," an estimate of cost involved in obtaining the appropriate amount of water storage, and the availability of funding for any necessary construction.¹ The Commission also directed that this report should include a detailed discussion of the financial effects that funding arrangements would have on Parksville and its ratepayers.

¹ Commission's Order of February 17, 1988, at 2.

The June 4, 1990 report is deficient in several respects. First, it contains no analysis of Parksville's water storage needs nor does it identify those needs. It contains no analysis of Parksville's future demand, no projection of its growth rates, nor the storage capacity needed to adequately serve that future demand. The report appears fixated on Commission Regulation 807 KAR 5:066, Section 5(4), which requires water utilities to have storage equal to at least one days' usage unless otherwise needed. Instead of determining whether one days' usage is a reasonable amount of storage capacity in Parksville's case, whether building that amount of storage is cost-effective or whether a local need for that level of storage exists, the report simply assumes that one days' storage is sufficient for the water district's needs.

The report also fails to consistently state the amount of Parksville's current storage. Figure No. 1 in the report indicates that the water district has 225,760 gallons of storage.² The text of the report, however, states that 234,760 gallons of storage are available. Report at 3.

The report does not address the status of Parksville's tank #3. The storage capacity of this tank is included in the report's calculation of Parksville's total storage capacity. This tank,

² Figure No. 1 indicates following storage capacities:

Tank #1	99,100
Tank #2	82,200
Tank #3	37,600
Tank #4	6,000
Tank #5	860
TOTAL	<u>225,760</u>

however, has been out of service for several years. The report assumes that this tank can be made serviceable for less than the cost of a new facility.³ Given that no inspection of the tank has been performed to determine if the tank can be made serviceable, the Commission is unable to discern if it actually can be made serviceable. The report should include an inspection of the tank and a comparison of cost to make it serviceable versus the cost of a new facility.

If it is determined after further investigation that it is too costly to make Tank #3 serviceable, the report should address the construction of a new tank, more specifically, the location of such tank. This was not done. Instead, the report recommends that Parksville should conduct an "investigation for location of additional storage in the amount of an additional one day supply." Report at 8.

Any attempt to determine a proper location for new storage would have been frustrated by the report's failure to include a complete hydraulic analysis. Although pressure measurements were taken at various points on Parksville's system, they were taken on different days. Simultaneous measurements made for a continuous 24-hour period were not taken. Such measurements are essential if the computer model of the water district's system is to be

³ While Commission Regulation 807 KAR 5:066 is silent on this issue, the Commission interprets this regulation to require usable storage capacity of at least one day's usage.

properly calibrated and accurately reflect the system's actual condition. Only with a properly calibrated computer model can the best location for new water storage be selected.

Finally, the June 4, 1990 report fails to discuss this project's effect on Parksville's rates. Aside from listing the names of several governmental programs which provided funding to small water districts, the report fails to mention how funding will be obtained for such improvements. It also fails to state the cost of obtaining funds, the outlook for obtaining such funds, or the conditions which will be attached to obtaining funds from these agencies. Judging from the report's cursory comments on this issue, it is highly unlikely that serious discussions with any of these agencies were ever conducted.

In conclusion, the Commission finds glaring deficiencies in the report. Accordingly, it will neither accept the report as satisfying the Commission's Order of February 17, 1988 nor will it endorse the report's recommendations. The Commission reminds Parksville that only six months remain to the limited deviation granted it. It was the Commission's intention that the required report would serve as the engineering report for any subsequent application for a Certificate of Public Convenience and Necessity to construct new water storage facilities. It did not expect nor did it wish to encourage Parksville to commission numerous engineering studies when one study is sufficient. Accordingly, the Commission will no longer require that Parksville submit the report required by the February 17, 1988 Order. It still expects

Parksville to fully comply with Commission Regulation 807 KAR 5:066, Section 5(4), on or before July 1, 1991.

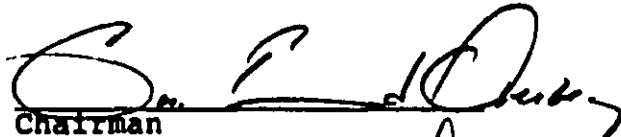
IT IS THEREFORE ORDERED that:

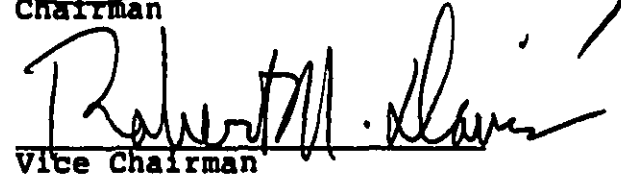
1. That provision of the February 17, 1988 Order requiring that Parksville submit a comprehensive engineering study is hereby vacated.

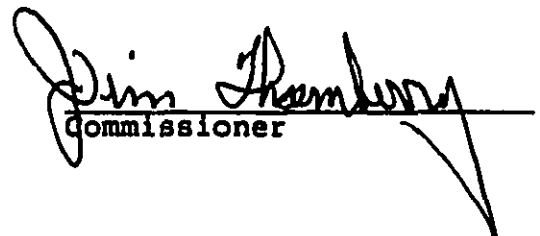
2. All other provisions of the February 17, 1988 Order are hereby affirmed and shall remain in full force and effect.

Done at Frankfort, Kentucky, this 8th day of January, 1991.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director